

MEMORANDUM

Date: February 24, 2023

To: Commission on Equitable Housing and Development

From: Liz Morales, Housing and Community Development
Director

Subject: Prosperity Initiative Draft Policies

Prosperity Initiative Overview

In 2022, Tucson's Mayor and Council and the Pima County Board of Supervisors voted in support of creating a City/County working group to develop long-term strategies to reduce poverty, as well as short-term actions to address immediate needs. The working group that formed also includes staff representation from each of the incorporated municipalities and the two tribes, and provides input and guidance into what is now referred to as the "Prosperity Initiative."

The first phase of the Prosperity Initiative is focused on developing a set of evidence-based policy options that can be adopted or adapted at the local government level, to reduce generational poverty and improve individual and community wealth. The second phase will focus on aligning local government operations and investments to best implement the policies.

Two researchers have been retained to assist with developing recommendations based on research from credible and recognized sources. Over 70 meetings have been held so far with individuals or small groups to share information about the initiative and solicit ideas.

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Current Status

The City of Tucson has requested two to three policy options for consideration by Mayor and Council in April 2023, in order to inform the City's budget process for next fiscal year. With that deadline in mind, two initial policies have been developed that would also be applicable to Pima County and other participating governments:

1. Increasing Access to Affordable High Quality Early Childhood Care and Education
2. Affordable Housing to Reduce Geographic Concentrations of Poverty

These two policies were selected first because both are:

- Frequently cited strategies for addressing generational poverty,
- Timely because of current housing crisis and the challenges of finding adequate childcare as a result of the pandemic,
- Designed to intentionally address different causes of poverty
- Already addressed in some variation in existing City of Tucson and County planning documents
- Able to be implemented at both the city/town and county level, whereas other promising policies in the areas of health and workforce development, for example, are almost solely the purview of the County.

Role of the Commission on Equitable Housing and Development (CEHD)

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As an advisory commission to the Mayor and Council, this policy is being provided to you for input prior to presentation to Mayor and Council. As additional policy options are developed that relate to your commission, they will similarly be provided for your input. Given CEHD's mission, the information below focuses on policy #2: "Affordable Housing to Reduce Geographic Concentrations of Poverty."

Draft Housing Mobility Policy Text

Efforts to increase the supply of affordable housing should maximize housing choice for low-income households and seek to reduce geographic concentration of poverty by promoting mobility to higher opportunity areas. In higher opportunity areas, the availability of affordable housing should be increased and households with young children living in high poverty areas should be prioritized for access to these opportunities.

Considerations

The Prosperity Initiative is seeking CEHD's input on this policy, its text, ideas for implementation, etc. to ensure that it aligns with the goals of the City and the Commission.

While the Prosperity Initiative is recommending moving forward with these first two policies at this time, additional policies related to housing are being evaluated by the working group and researchers. For instance, it should be noted that the housing mobility policy has previously been presented to the Prosperity Initiative working group as a two-part policy, one part that focused on allowing low-income households to move to higher

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opportunity areas and a second part that focused on investments in high-poverty areas. The policy is being presented today as only the first part, with the intention of developing a second policy that addresses how investments in higher poverty areas can increase opportunity while also preventing displacement of current residents. I

In addition to an anti-displacement policy, additional housing-related topics proposed for policies include homeownership and evictions and tenant protections. These policies would be developed with further input from CEHD and presented with the larger set of policies to the City and County around June.

Evidence for Housing Mobility

In the context of the current shortage of affordable housing, policies and practices intended to address this shortage may also contribute to reducing the geographic concentration of poverty and reduce the intensity of intergenerational cycles of poverty. In a Brookings report, Kneebone et al. (2011) stated that, “[b]eing poor in a very poor neighborhood subjects residents to costs and limitations above and beyond the burdens of individual poverty.” They then provide a list of potential impacts of concentrated poverty previously captured in academic research, concentrated poverty can: limit educational opportunity, lead to increased crime and poor health outcomes, hinder wealth building, reduce private-sector investment and increase prices for good and services, and raise costs for local governments (Kneebone et al. 2011).

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The first U.S. housing mobility effort, the Gautreaux Assisted Housing Program started in 1966, was found to result in improved educational outcomes for the children who relocated from high poverty neighborhoods. Specifically, comparing children in households who relocated within the city of Chicago to those who relocated to the suburbs, the high school dropout rate was 20% for “city movers” versus 5% among the children who were relocated to the suburbs. 54% of the children who were relocated to the suburbs enrolled in college relative to 21% of children whose families moved within the city (Rubinowitz & Rosenbaum, 2000).

Subsequent assessments of the impacts of the Gautreaux program found that the average poverty rate in the neighborhoods that the participating households originally lived in was 40%, as compared to 17% in the neighborhoods to which program participants relocated. In addition to reducing poverty for participating households at the time of relocation, the intergenerational persistence of these improvements is impressive. Research in the late-1990s found that all of the original Gautreaux participants had moved since their initial placements in the 1960s. At this time, up to 22 years after their initial placements, both mothers and children were living in communities with poverty rates similar to those at their original placements addresses: 16% for mothers; 18% for their adult children (Keels et al., 2005).

Research examining the impacts of the Gautreaux program were critiqued for their use of a quasi-experimental design, which was necessary as there was no control group created as a part of the

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program. Consequently, the majority of evidence cited in support of housing mobility programs comes from Moving to Opportunity (MTO) program which was intentionally structured with a rigorous experimental design, a 10-year randomized control trial involving 4,600 families with children. In the short-term the MTO program was very successful in facilitating the movement of households to lower-poverty neighborhoods. Prior to their move, participants in the experimental group lived in census tracts with an average poverty rate of 53%. One-year later the average poverty rate for program participants who moved (with an MTO voucher) was 11%. Taking a longer-term perspective, an analysis found that averaging over the entire study period (10-15 years) families in the experimental MTO voucher group lived in neighborhoods with an average poverty rate 9 percentage points lower than the control group (who lived in areas with an average poverty rate of roughly 40%) (Sanbonmatsu et al., 2011)

One evaluation of the MTO program found that 10 to 15 years after enrollment adult participants who moved to a low-poverty neighborhood had a significantly lower prevalence of diabetes, extreme obesity, physical limitations, and depression (Sanbonmatsu et al., 2012). Another found that adults relocating to lower-poverty areas experienced improvements in their mental and physical health, as well as their subjective well-being (Ludwig et al., 2013). It is important to note that these studies and other did not find positive impacts on employment or earnings for either the adults or adolescent children (> age 13) of relocated families.

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One of the most noteworthy findings from evaluation of the MTO program is that younger children (those who were under 13 when their household relocated), experienced substantial improvements in college attendance and lifetime earnings relative to children who remained in high poverty areas. Specifically, when assessed again in their mid-twenties children who relocated to low poverty areas had incomes \$1,624 higher on average relative to children in the control group. Projected over the lifetime Chetty et al. (2016:860), “estimate that moving a child out of public housing to a low-poverty area when young (at age eight on average) using an MTO-type experimental voucher will increase the child’s total lifetime earnings by about \$302,000. This is equivalent to a gain of \$99,000 per child moved...”. The rate of college attendance was 16% higher than that of the control group, and children in the experimental group were less likely to become single parents. Last, children (under 13) who relocated to low-poverty areas as children were more likely to live in lower-poverty neighborhoods as adults (Chetty et al. 2016).

Additional studies indicate that such housing mobility programs are more effective when coupled with pre- and post-move counseling and supportive services for navigating rental markets (Rinzler et al. 2015, Bergman et al. 2023). Bergman et al. (2023:1) examined the effect of information and supports for housing voucher recipients in Seattle and King County:

“[w]e first provided a bundle of resources to facilitate moves to high-upward-mobility neighborhoods: information about high-opportunity areas, short-term financial assistance, customized assistance during the housing search process, and connections to landlords. This bundled intervention increased

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the fraction of families who moved to high-upward-mobility areas from 15% in the control group to 53% in the treatment group.”

Given that the largest positive impacts of this program were long-term effects on socioeconomic outcomes for young children, it is recommended that housing mobility opportunities be prioritized for households with young children living in high poverty areas (Collinson & Ludwig 2019) and then also linked with counseling and supportive services.

While mobility programs have demonstrated positive impacts, in practice they will not reach all low-income households in high poverty areas. In addition, many households do not want to leave their communities for a wide range of reasons. Given this, many experts advocate that housing mobility programs should be paired with investments in high-poverty communities (Gale 2018).

Ideas for Implementation

1. Identification and regular review of high opportunity areas.
2. Zoning code changes to facilitate more affordable housing in high opportunity areas (e.g. expedited permitting process for affordable housing, reduced parking requirements for affordable housing, inclusionary housing/zoning, density bonuses for building affordable units, ADUs,).
3. Bonus points on applications for funding of affordable housing development for proposals that would be built/preserved in high opportunity neighborhoods.

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4. Prioritize and seek proposals to develop affordable housing on surplus government property in high opportunity neighborhoods.
5. Prioritize housing vouchers to be used in high opportunity neighborhoods, coupled with counseling/navigation services.
6. Identify and implement new funding sources to support affordable housing production (e.g. affordable housing impact fees, commercial impact fees, housing production trust funds, tax exemptions for non-profit affordable housing, and/or affordable housing bonds).

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